

# Goldletter INTERNATIONAL

*the international independent information and advice bulletin for gold and related investments*

**June 2020**

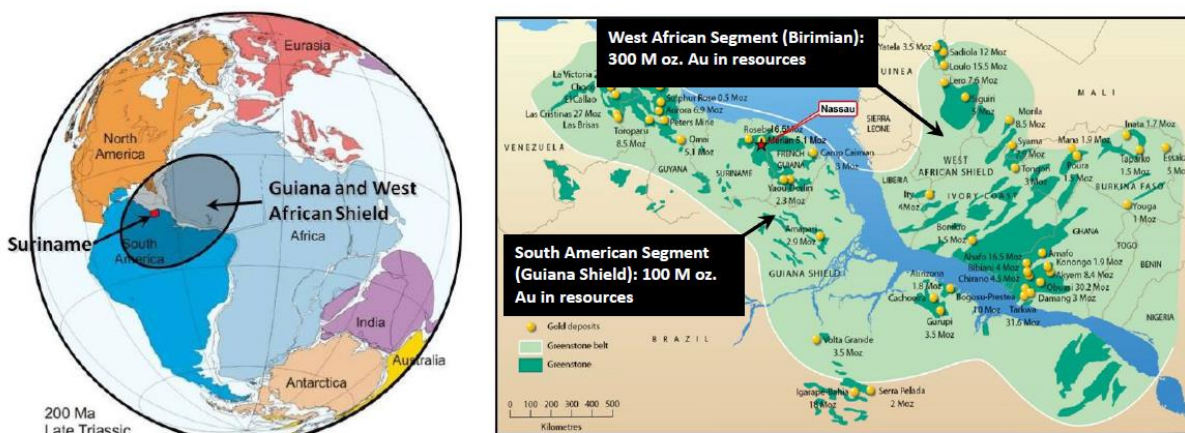
## The Guiana Shield has the potential to emerge to the world's new destination for the development of rich gold resources

The **West African** and the **Guiana Shields** were adjacent prior to break-up of the super continent **Pangea**. The two shields are estimated to hold aggregate gold production and reserves of 400 million ounces, of which 300 million ounces apply to the **West African Shield** and 100 million ounces to the **Guiana Shield**, but the latter significantly less exploration performed to date.

**West Africa** is the most notable example of a region in which gold mining has taken place for thousands of years. The famous **Birimian Greenstone Belt** provides the geological setting for most of this activity. This has led West Africa being the number one discovery for gold in the world for more than 20 years, with approximately 80 million ounces discovered in the past decade and as a result of US\$ 5 billion spent.

### The Guiana and West African Shields

The Guiana and West African Shields were adjacent prior to breakup of the supercontinent Pangea



#### Guiana Shield

Gold Production & Reserves: 100 million ounces

#### West African Shield

Gold Production & Reserves: 300 million ounces

*\*Significantly less exploration performed to date*

The **Guiana Shield** includes **Guyana, Suriname, French Guyana** and the north and northeast region of **Brazil**.

In **Guyana** two large gold mines are active: the **Aurora Mine** operated by **Guyana Goldfields** and the **Karouni Mine** operated by **Troy Resources**.

In **Suriname** **IAMGOLD** is operating the **Rosebel Mine** and **Newmont Gold** is operating the **Merian Mine**. Both companies are tier-one gold producers.

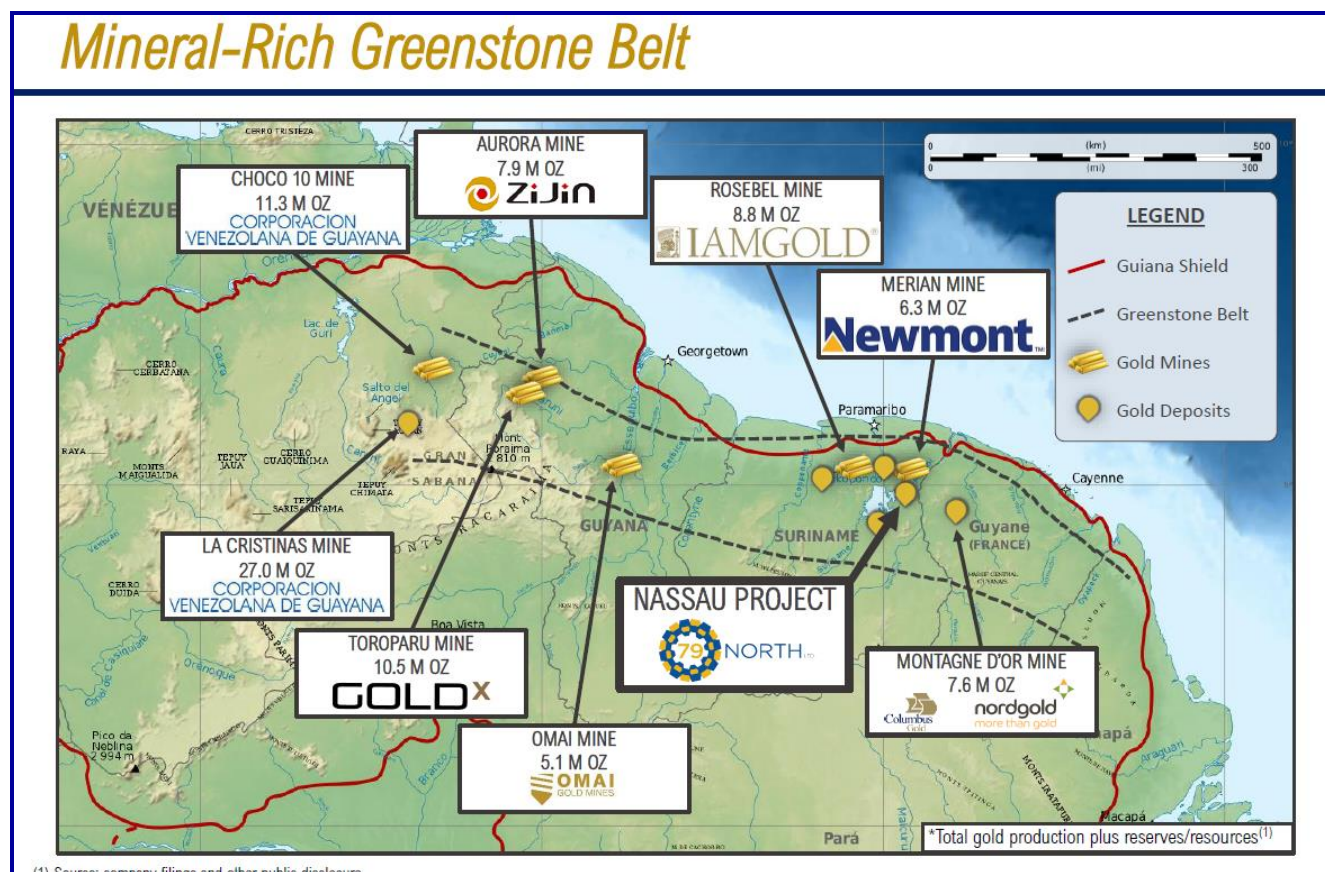
Having past **South Africa** in 2018, **Ghana** has strengthened its position as the number one destination in **West Africa** for gold miners and explorers, thereby benefitting from its relative political stability.

Past political turmoil in **Francophone West Africa**, by contrast, has meant that these countries remained comparatively underexplored, even though it is the same Birimian Greenstone Belt beneath the surface.

As it stands, for example, although **Burkina Faso** and **Côte d'Ivoire** combined cover around **60% of the Birimian Greenstone Belt**, they only account for around **35% of the region-wide discoveries made to date**.

Given that some of the discoveries, both in **Burkina Faso** and **Côte d'Ivoire** are world-class, like **Randgold Resources' Tongon mine**, and **Endeavour Mining's Hounda mine**, this dynamic clearly represents a significant opportunity, and all the more so because politically **Francophone West Africa** has been much more stable in recent years. Part of the reason for this is that new mining codes have been established in **Côte d'Ivoire** (2014), **Burkina Faso** (2015) and **Mali** (2012).

The emphasis has been on a combination of creating a favourable business and regulatory environment and ensuring that corporate social responsibility remains at the fore. It is a context that has allowed the likes of Endeavour and Randgold not only to build and operate big mines, but also get out and really explore.



► **Zijin Mining, China's** premier world-class gold producer, wins strategic battle and acquires **Guyana Goldfields** for a cash offer valued at US\$ 325 million

A significantly increased interest in developing the rich gold resources in the **Guiana Shield** as a strategic destination in **South America** is illustrated clearly by the recent battle in **Guyana** to acquire **Guyana Goldfields**. This commenced with **Gold X'** proposal to merge with **Gran Colombia Gold** and **Guyana Goldfields** to create an emerging Latin American focused intermediate gold producer, but was cancelled by **Guyana Goldfields** by preferring a financially less awarding but more transparent bid from **Silvercorp Metals**, which produces silver lead and zinc from mines in China.

However, on June 11, 2020, only a few days later **Zijin Mining**, China's largest gold producer and a tier-one gold company, matched the offer in an all-in superior cash offer valued at \$ 325 million, being 35% higher than Silvercorp Metals' proposal. On top of the cash offer, **Zijin Mining** has committed to loan **Guyana Goldfields** US\$ 30 million to finance ongoing operations of its **Aurora gold mine** and other liquidity needs.

► **Staatsolie of Suriname, a government owned entity, facilitates licencing process and is engaged directly in trading partnerships**

On April 22, 2020, **IAMGOLD/Rosebel Gold Mines ("RGM")** signed an agreement with **Staatsolie** on the establishment of a trading partnership under the Dutch name VOF, related to the concession areas within the common existing mineral agreement among which the **Saramacca mine** concession. The existing **Gross Rosebel mine** concession, 95% owned by **Rosebel Gold Mines** and 5% by **Staatsolie of Suriname**, is not included in this agreement.

**Staatsolie of Suriname** also has a 25% interest in **Newmont Suriname**, and has been appointed by the government to manage its 30% in the trading partnership.

MERIAN MINE <sup>(2)</sup>	<b>Newmont</b>	ROSEBEL MINE <sup>(2)</sup>	<b>IAMGOLD</b>
Construction commenced in August 2014, and commercial production was achieved on October 1, 2016, with the project on schedule and US\$150 million under budget.		Began commercial production in 2004 and has since produced over 5.3 million ounces of gold. In 2019 initial production of ore from the Saramacca expansion 25 km away began.	
Mine Type: Open Pit (2 pits) 2019 Gold Production: 524,000 ounces 2019 All-In Sustaining Cost: US\$689/ounce Recovery: 92% Gold Reserves: 4.64 million ounces Grade: 1.01 grams/tonne Estimated Mine Life: 12-14 years		Mine Type: Open Pit (8 pits to date) 2019 Gold Production: 264,000 ounces 2019 All-In Sustaining Cost: US\$1,165/ounce Recovery: 95% Gold Reserves: 3.52 million ounces Grade: 0.93 grams/tonne Estimated Mine Life: 15 years	

As a result, **Staatsolie** has paid a first amount of US\$ 34 million as part of a total amount of US\$ 54.9 million being due. The remaining amount of US\$ 20.9 million, besides ongoing corporate and capital expenditures including management cost and interest, will be paid from the **Staatsolie's** gold credits provided by the VOF-agreement.

70% of the production from the VOF, including the mine concession Saramacca, will be assigned to **RGM** and 30% to **Staatsolie**.

Gold producers and exploration/development companies focused on Guyana and Suriname										
June 24, 2020										
	Trading symbol		Share price		Change in %	High 12 months	Low 12 months	Shares issued ocal million	Market capitalization (million)	US\$
			June 24 2020	Year-end 2019						
<b>GUYANA</b>										
<b>Producers:</b>										
Guyana Goldfields	1)	TSX GUY	C\$ 1.73	C\$ 0.70	147	C\$ 1.80	C\$ 0.25	174.6	C\$ 302.1	US\$ 222.3
Troy Resources		ASX TRY	A\$ 0.09	A\$ 0.09	0	A\$ 0.13	A\$ 0.06	632.1	A\$ 56.9	39.3
<b>Exploration/development:</b>										
Gran Colombia Gold	2)	TSX GCM	C\$ 6.65	C\$ 5.57	19	C\$ 7.81	C\$ 2.89	61.3	C\$ 407.6	300.0
Gold X Mining		TSX.V GLDX	C\$ 3.28	C\$ 2.20	49	C\$ 3.56	C\$ 0.75	37.8	C\$ 124.0	91.3
Caldas Gold	3)	TSX.V CGC	C\$ 2.45	C\$ 1.80 2)	36	C\$ 2.50	C\$ 1.30	50.5	C\$ 123.7	91.1
Reunion Gold	4)	TSX.V RGD	C\$ 0.08	C\$ 0.14	-46	C\$ 0.34	C\$ 0.05	632.0	C\$ 50.5	37.2
Guyana Goldstrike		TSX.V GYA	C\$ 0.05	C\$ 0.05	0	C\$ 0.19	C\$ 0.02	58.5	C\$ 2.6	1.9
<b>SURINAME</b>										
<b>Exploration/development:</b>										
12 Exploration	5)	CSE TWLV	C\$ 0.17	C\$ 0.20 5)	-15	C\$ 0.21	C\$ 0.15	85.9	C\$ 14.6	10.7
1) acquired by <b>Zijin Group</b> of China for all-in cash offer valued at \$ 325 million and in addition US\$ 30 million to finance ongoing operations										
2) 15% equity interest in <b>Guyana Goldfields</b>										
3) reverse takeover with <b>Caldas Finance Corp.</b> , an indirect wholly-owned subsidiary of <b>Gran Colombia Gold</b> ; listed as at February 28, 2020										
4) entered into Strategic Alliance Agreement with <b>Barrick Gold</b> effective February 6, 2020; increased equity interest from 15% to 19.9% by participating in a C\$ 15 million offering for an amount of C\$ 5.35 million at a price of C\$ 0.15 per share										
5) listed on the CSE effective <u>June 16, 2020</u>										